

To: Clients & Friends
From: Chris Weil

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This will be the first of my Chairman Emeritus' Newsletters post-retirement. The firm has asked that, despite my retired status, I continue to write quarterly and so maintain a tradition that extends back over twenty years.

During my sixty-two years of active involvement in the financial advisory/real estate partnership/investment management businesses I estimate that I have had over fifteen thousand meetings - with clients, prospective clients, partners, employees, vendors, lawyers, accountants, developers, sellers of a variety of financial service products and miscellaneous others, in addition to phone conversations many orders of magnitude greater than the number of in-person meetings.

This history, and particularly the learnings involved, will almost certainly be mined for subjects of forthcoming newsletters, as well as this one.

In all the years of writing this newsletter I have consistently steered clear of controversial, and particularly political, topics. As advisors our job, to the extent it involves controversial commentary at all, is to challenge client attitudes and opinions which, in our opinion, work against their financial well-being. And that's it.

Now, as to my business history and to what extent it can have any interest or value to readers.

I have always been suspicious of gurus, experts, pundits, et al whose expertise is packaged and marketed as the average person's guide to proficiency on whatever the subject matter happens to be. One reason for my suspicion? There are no average people. "Average" is a necessary statistical creation designed to smooth out the unique characteristics of each individual member of a particular class and so reduce the number of human variations to a manageable few. When writing for the average person, the guru, the expert, the pundit who is addressing a large audience needs to avoid the special cases, the one-offs, the odd ball examples and the exceptions which don't prove the rule. They take up too much time and have only limited applicability. (Note the underlined items. These tend not to be highlighted in any discussion of career

planning or career advancement. Whatever the case may be with most careers, in my case these items seemed to have been everyday occurrences).

So what? As I share stories from my sixty-three-year career, I hope they resonate with most readers (not just, God forbid, the “average” reader). It turns out that I too have enough of the pundit in me to hope that my experiences, my successes, my failures, my learnings will “add value” to my reader’s own journeys. You could say the newsletters hereinafter will be my own version of a “guide to proficiency.” And if it turns out that some readers have nothing to learn well then, at the very least, I trust they will be entertained.

My list of learnings is long, so long in fact that some have suggested I write a book. We will see. But let me jump the gun and start with a few “stories from sixty-three years,” each embodying a “message” I needed to heed and which, if heeded, contributed to whatever subsequent success I may have had.

1. There will always be people who are more attractive, more popular, smarter, better educated, more physically fit, richer and more successful than you. Forget it. You are not in competition with anyone - except yourself. When I finally awakened to this, after years spent trying to compete with others based on what I viewed as their lead(s) on me, my life settled as I focused on what was needful for myself and my family. (The old competitive urges arise occasionally but I now know them for what they are and I don’t let them drive my attitude or behavior).
2. You can learn a lot by losing. And while no one sets out to deliberately lose, in a perfect world they should. So much of peoples’ successes arise from non-replicable conditions and so do not often provide a template for future success. Not so with losses. In retrospect the template (the description of how things went wrong) is usually unambiguously clear. As I intend to tackle this subject in future newsletters, I will say just a few more words here. First, the mantra of any “loser” should be “it seemed like a good idea at the time.” If, initially, it seems like a good idea then the temptation is to short cut the investigative process and let your enthusiasm and your intuition make the decision for you. On matters of small consequences, it may not make much difference how you make decisions (except to the extent cutting corners becomes habitual) but on matters of significance the results could cause serious damage (personal, professional, financial, reputational). Of course, you could get lucky (it has happened to me a few times) but you cannot build a successful business, or life for that matter, based on the luck of the draw.
3. Many years ago I had an acquaintance who was a senior manager of a health insurance company. At some point, probably over a drink, he told me that there were two kinds of health insurance companies: those who underwrote at the time of issuance and those who underwrote at the time of claim. And his company was of the second sort. The significance hit me immediately - and its import extended far beyond health insurance. In his case, the company undertook little or no serious investigation during the underwriting process and issued policies to virtually all applicants. But, when a claim was made, the company got serious and, before making any payments, did a thorough review of the insured’s application. Did the applicant tell the truth, the whole truth and nothing but the truth? Was the prior

medical history, or current medical conditions, fully disclosed? Were all the applicant's doctors listed? Were there any answers on the application that might be construed as a misrepresentation, whether by omission or commission? Any discrepancy provided grounds for denial of claim.

There is a moral here but first a related example.

Some years ago I had an acquaintance who ran a large independent securities firm. I once asked him why his firm had such a large number of arbitration cases (the securities industry's most common method of settling disputes with clients) far in excess of industry averages. He laughed. "I find it easier to run a somewhat lax ship" meaning he was lax in his hiring practices, which resulted in at least some of his brokers being the sort who were known to stretch the truth when talking to clients, which meant a larger than normal cadre of unhappy clients when promises didn't pan out, which meant all those arbitration cases. He went on to tell me that the higher incidence of arbitrations was priced into his budget, meaning that his commission schedule and service fees to brokers covered the amount of expected excess arbitration claims. His casual hiring practices also allowed for the bulking up of his sales force so he had the commission volume of brokers who at some point he would fire if, and when, customer complaints become too numerous. You may call this a cynical way to run a business, and you would be right. It is also a version of underwriting at the time of claim rather than underwriting at the time of issuance.

The moral? Beware of opportunities, and not just financial opportunities, where the initial attraction appears to be significant gain but gain that masks the downstream risks or, more often, where the downstream risks are denied or minimized or rationalized as being worth the price. (Both the insurance company and the broker dealer are long since out of business. You can fool all the people some of the time and some of the people all of the time, but you can't fool the regulators forever.)

4. It is true that there are people who know from an early age how they want to live their lives, who know they will be computer scientists or doctors or musicians or parents of five when they grow up - and plan their personal, scholastic and career paths accordingly. But for many youngsters, and not so youngsters, whatever paths they take seems to be based more on accident than design, more on expediency than calculation; in effect, lives more unplanned than planned. This was certainly true in my case. As confirmation I'm taking the liberty of enclosing a bit of autobiography I wrote for my children describing how I "landed" my first real job. If nothing else, it should be of some comfort to parents who have despaired as to the prospects for their child (in my case, adult), as did my mother.

Fast forward. We have discovered in our capacity as employers that the majority of prospective employees we interview (particularly for entry level positions) have aspirations but not a particularly well-defined preparation for the job. That's OK, you can learn on the job. The exceptions are such talents as accounting, securities analysis, and financial planning, where specific expertise and experience is a prerequisite - although in the case of securities analysis and financial planning, we have had great success training people into those positions.

So, in many cases we are not looking for applicable experience (in many cases it isn't there anyway) so much as we are looking for people who may well have an "unplanned" career path to date but do have, at least in some state of development, what are misleadingly called "soft skills." The cultivation of soft skills does not require academic preparation or any particular work experience. But, when internalized and made habitual, does virtually assure success - wherever you are, whatever you do. (I use the qualifier "virtually" because if you perform your duties competently, and do so evidencing soft skills as well, yet find yourself stuck and without due recognition then ... you're in the wrong place.)

What are these soft skills? Actually, they are very well known, albeit still undervalued, as to their importance in career development and job satisfaction. Curiosity, self-confidence, honesty, kindness, integrity, ambition, diligence, a service orientation, optimistic by nature while realistic by experience, hard working without being a workaholic. I know this sounds like something from the Boy or Girl Scout manual. I am not so sure this is a bad thing. I know some ex-Scouts and they all seem to be happy campers (!) at work and at home.

Heraclitus tells us that character is destiny. Less dramatically I would say that character, which is a shorthand way of describing the aggregate of soft skills, predicts success - and not just success in your career but in your life as well. And yes, there are certainly people deficient in these skills who nevertheless seem, all too visibly, to have it made. But it has been my experience that, at the end of the day they, like the companies above, are out of business.

See you next quarter,

Chris Weil